

Message Text

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PAGE 01 STATE 112305
ORIGIN STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 COME-00 AGRE-00 EB-08
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APPROVED BY STR:WBKELLY
LHOLEC, OTP/COMM
DPATTERSON, STATE
JHUDSON, AGRICULTURE
JCUNNINGHAM, STATE
JRANDOLPH, OCA/COMM
BSEASTRUM, STR
WWARTHIN, TREAS
AHUGHES, STR

-----003565 030141Z /66

O 030046Z MAY 78
FM SECSTATE WASHDC
TO USMISSION GENEVA IMMEDIATE

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USMTN, PASS B. MARSH AND J. SWAIN

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: U.S./AUSTRALIA REQUESTS AND OFFERS

REF: (A) GENEVA 5424, (B) STATE 85778

1. THE U.S. OFFER TO AUSTRALIA IS EXTREMELY GENEROUS, PROVIDING TARIFF REDUCTIONS ON ITEMS ACCOUNTING FOR APPROXIMATELY \$520 MILLION IN U.S. IMPORTS FROM AUSTRALIA IN 1976.

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THIS OFFER WOULD REDUCE THE AVERAGE TARIFF ON DUTIABLE U.S. IMPORTS OF INDUSTRIAL PRODUCTS FROM AUSTRALIA BY 53 PERCENT FROM 6.4 PERCENT TO 3.0 PERCENT. THE OFFER ALSO RESPONDS GENEROUSLY TO AUSTRALIA'S REQUESTS OF THE U.S. FOR DUTY REDUCTIONS ON AGRICULTURAL PRODUCTS AND THE AVERAGE DUTY ON THOSE PRODUCTS(WHERE AUST. IS REQUESTOR & PRINC.SUPPLIER) WOULD BE REDUCED BY 35 PERCENT FROM 6.2 TO 4.0 PERCENT.

2. AS DESCRIBED IN REFTEL A AND TPSC DOCUMENT 78-36, AUSTRALIA'S OFFER WAS UNRESPONSIVE TO OUR REQUEST OF AUSTRALIA; HOWEVER, WE ARE NOT AT THE STAGE WHERE THE UNITED STATES SHOULD BE SCALING DOWN ITS REQUESTS OR EXPECTATIONS. ALL THE MTN REQUESTS WHICH THE U.S. HAS MADE OF AUSTRALIA ARE PRIORITY REQUESTS. THE U.S. DEL MAY REITERATE ITS STATEMENT TO AUSTRALIA THAT IN ACCEPTING

AUSTRALIA'S PARTICIPATION IN THE TARIFF NEGOTIATION ON A STRICTLY REQUEST/OFFER BASIS, WE LOOKED FORWARD TO A MAXIMUM AUSTRALIAN EFFORT TO RESPOND POSITIVELY TO THE REFINED AND SEVERELY LIMITED LIST OF U.S. REQUESTS. WE ARE ANXIOUSLY AWAITING THE OPPORTUNITY TO REVIEW AUSTRALIA'S SUPPLEMENTAL OFFERS REFERRED TO IN REFTEL A.

3. THE COMPREHENSIVE PAPERS ON INDUSTRIAL PRODUCTS BEING PREPARED IN WASHINGTON PROVIDE ADDITIONAL BACKGROUND ON CRITICAL INDUSTRIAL PRODUCT AREAS (SEE TPSC 78-51). THESE PAPERS HAVE BEGUN TO ARRIVE IN GENEVA AND WILL ALL BE IN GENEVA BY THE END OF MAY.

4. CONCERNING THE AUSTRALIAN DEL'S REFERENCE TO THE POSITIVE IMPACT OF THEIR UNILATERAL 1973 TARIFF REDUCTION, WE ARE NOT PREPARED TO REFUTE THIS ON A QUANTITATIVE, ITEM-BY-ITEM BASIS AS REQUESTED REFTEL. TO DO SO WOULD LIMITED OFFICIAL USE

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REQUIRE AN IN-DEPTH STATISTICAL STUDY COMPLICATED BY THE COMPLEX NATURE OF THE AUSTRALIA TARIFF SCHEDULE. DEL MAY POINT OUT, HOWEVER, THAT, ALTHOUGH WE WELCOMED THE 1973 UNILATERAL REDUCTION, THERE HAS BEEN CONSIDERABLE RETRENCHMENT SINCE THEN AND THE AUSTRALIA TARIFF SCHEDULE REMAINS ONE OF THE HIGHEST OF ANY DEVELOPED COUNTRY. IN ADDITION, WE BELIEVE THE BENEFIT OF THE ACROSS-THE-BOARD REDUCTION WAS LESS FOR THE U.S. THAN FOR OUR COMPETITORS BECAUSE A HIGHER PERCENTAGE OF AUSTRALIA'S IMPORTS FROM THE U.S. ENTER DUTY-FREE (BOTH UNDER EXISTING AND PRE-1973 RATES) DUE TO THE BY-LAW SYSTEM THAN DO IMPORTS FROM OUR COMPETITORS (JAPAN, UK, FRG). WE EARNESTLY DESIRE A POSITIVE RESPONSE FROM AUSTRALIA TO OUR REQUESTS, SINCE THESE HAVE BEEN SELECTED CAREFULLY WHERE DUTY REDUCTIONS WOULD BE MOST BENEFICIAL TO US. FINALLY, ALTHOUGH THE CAUSAL RELATIONSHIP BETWEEN THE TARIFF REDUCTION AND TRADE PERFORMANCE IS TENUOUS, THE FIGURES DO SHOW THAT FROM 1973 TO 1977 OUR TRADE AS A PERCENT OF THE AUSTRALIAN MARKET SHARE HAS REMAINED CONSTANT (20.9 IN FY 1973 VS. 20.8 IN 1977), COMPARED TO AN INCREASE FOR JAPAN (17.9 TO 20.7), A DECREASE FOR THE UK (18.6 TO 10.9), AND A CONSTANT SHARE FOR W. GERMANY (7.0). VANCE

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ORIGIN EA-04

INFO OCT-01 ISO-00 /005 R

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DRAFTED BY EA/EP:WRWARNE

APPROVED BY EA/EP:WRWARNE

-----014129 041019Z /11

R 040306Z MAY 78

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK

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FOR VICE PRESIDENT'S PARTY FOR HEGINBOTHAM

FOL RPT STATE 112305 SEND ACTION GENEVA 3 MAY 78 QUOTE

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Concepts: TARIFF AGREEMENTS
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Draft Date: 03 may 1978
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
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Format: TEL
From: STATE
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ISecure: 1
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Litigation Codes:
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Status: NATIVE
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TAGS: ETRD, AS, MTN
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